News Release

Customer Loyalty with Restaurants Markedly Higher with Takeout or Delivery, Compared to Dining-In

Study also suggests increased local demand for staycations in the next 12 months despite safety and cost concerns

Singapore, 2 December 2020 (Wednesday) – The Institute of Service Excellence (ISE) (卓越服务研究院) at Singapore Management University (SMU) today released the 2020 third quarter (Q3) Customer Satisfaction Index of Singapore (CSISG) results for the Food & Beverage and Tourism sectors.

In the latest results, the Food & Beverage sector scored 73.6 points on a 0 to 100 scale. This comprised of brands and companies from the Restaurants, Fast Food, and Café & Coffee Houses sub-sectors. The Tourism sector scored 76.1 points, which was derived from survey responses for tourist attractions; because of the Covid-19 travel restrictions, only local visitors were interviewed.

With the Covid-19 pandemic and safety measures in place, the study's researchers looked at customer sentiments amid changes to consumption behaviour.

Food & Beverage
In the Restaurants sub-sector, it was observed that customer loyalty levels differed based on whether the customer dined-in, did a take-out, or had the food delivered. Loyalty was defined as the customers' likelihood to patronise the establishment again as well as their tolerance to changes in prices; a Customer Loyalty score was derived based on responses to these two variables.

Restaurant customers who dined-in had an average Loyalty score of 68.9 points while those who either ordered take-away or food delivery scored 73.1 and 73.8 points, respectively. While not as pronounced, similar observations were seen in the Fast Food and Cafes & Coffee Houses sub-sectors.

Additionally, the study also revealed a change in dining behaviour, with 62% of restaurant customers indicating they were either ordering more takeout or food delivery due to the Covid-19 situation.

Mr Chen Yongchang (陈勇畅), Head of Research and Consulting at ISE, commented, "The findings bode well for food operators who had expanded their operating models to include takeout and deliveries. This is especially critical for operators who have traditionally targeted the office and tourist crowd, where demand has reduced significantly."

Analysing customers' experience with the three F&B sub-sectors, i.e., Restaurants, Fast Food, and Café & Coffee Houses, performance attributes relating to the stores' visual appeal and ambience, as well as service staff responsiveness, performed below-average.

"While Covid-19 measures have undoubtedly been a key contributor to some operational challenges, be it poorer store layout or staffing issues, these attributes do matter to customer loyalty. The industry should consider using this opportunity to innovate and design new dine-in experiences for this new normal," he remarked.

Another observation within the F&B sector was the prevalence and usage of deals platforms, such as HungryDeals, Burrple Beyond, and The Entertainer. Segmenting respondents by those who used these platforms and those who did not, analysis revealed the former segment had substantially higher levels of customer satisfaction, loyalty, and perceptions of value.

Commenting further, Mr Chen pointed out, "F&B operators should consider leveraging such platforms to not just gain new customers but also improve customer stickiness."

Tourism

Within the Tourism sector, the study looked at local visitor data from the Attractions sub-sector. Due to the Covid-19 travel restrictions, tourist responses were not captured. For the same reason, the study did not survey the Hotels sub-sector this year.

Analysis for the Attractions sub-sector focused on determining what would drive local visitors to make a repeat visit to an attraction they had recently visited. In descending order of importance, the data suggested businesses can most effectively drive Customer Loyalty through visitors' satisfaction with 'Food and beverage options', the 'Range of activities and exhibits', 'Entertainment or educational value of the attraction', 'Friendliness and courtesy of the staff', and 'Ease of getting to the attraction'.

Ms Neeta Lachmandas (妮塔.拉切曼达斯), Executive Director (执行总监) of ISE, said "With the SingapoRediscovers voucher programme poised to provide a boost to the local tourism scene, businesses that are able to leverage these aspects of their service proposition will be most successful in taking advantage of this opportunity."

However, she cautioned, "Attraction operators have their work cut out for them as four out of five of these attributes performed relatively poorly when compared to the other attributes the study had measured."

The study also looked at demand for local staycations over the next 12 months. Compared to 2019, 63% indicated they would maintain or increase the frequency of staycations and 71% indicated they would spend the same or more. This is in contrast to 37% of respondents that indicated they would decrease or not partake in staycations and 29% that indicated they would decrease or not spend anything at all on staycations.

Nonetheless, local consumers had also highlighted concerns about aspects of the staycation experience. In particular, 27.1% were concerned about the efficacy of disinfecting the hotel room, 25.8% were concerned with the cost of the stay, and 16.2% were concerned about hotels being used as quarantine facilities.

Ms Lachmandas said, "Overall, local consumer sentiments for staycations bode well for our hospitality sector in the near term. But hoteliers must be cognisant of their concerns with the perceived safety and cleanliness of the accommodation, and the prices charged.

"By addressing safety concerns through education and providing flexible booking policies, and delivering value over discounts, we believe accommodation providers can effectively tap on local demand and make the best of a tough situation," she concluded.

The CSISG 2020 Q3 study was conducted between July and September 2020. A total of 2,500 local consumers were surveyed for the Food & Beverage and Tourism sectors.

Please refer to Annex A for a background on the CSISG and Annex B for the detailed scores.

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About the Customer Satisfaction Index of Singapore
The Customer Satisfaction Index of Singapore (CSISG) is a landmark study that computes customer satisfaction scores at the national, sector, sub-sector, and company levels with the intent of producing a rigorous, objective and comprehensive assessment of Singapore's service levels. Given that the CSISG is the only national customer satisfaction measurement tool with cross sector capabilities, ISE is able to provide organisations with exclusive benchmarking insights about customer satisfaction as well as use predictive analytics and regression models to pinpoint drivers that would deliver the most impact.

About the Institute of Service Excellence (ISE) at Singapore Management University
The Institute of Service Excellence was jointly set up by Singapore Management University and Singapore Workforce Development Agency in July 2007 to elevate service levels and promote a culture of service excellence in Singapore. Working in close collaboration with government agencies and business leaders, ISE champions service excellence through an integrated approach that encompasses benchmarking and analysis, research and thought leadership, as well as industry engagement.

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Annex A

**About the Customer Satisfaction Index of Singapore (CSISG)**

The Customer Satisfaction Index of Singapore (CSISG) is a landmark study that computes customer satisfaction scores at the national, sector, sub-sector, and company levels with the intent of producing a rigorous, objective and comprehensive assessment of Singapore's service levels.

CSISG measures customers' cumulative satisfaction with companies. The scores are generated using a structural equations model (please refer to Figure 1) based on survey data collected from end-users after consumption of products and services. Sub-sector scores are derived as a weighted average of company scores, in proportion to the revenue contributions of companies. Sector scores are derived in a similar fashion, aggregating the sub-sector scores proportionately to each sub-sector's revenue contributions. CSISG scores customer satisfaction on a scale of 0 to 100 with higher scores representing better performance.

The methodological foundations of the CSISG are based on the American Customer Satisfaction Index (ACSI) that was developed by the National Quality Research Center (NQRC) at the University of Michigan. ACSI has been standardised measure of customer satisfaction in the United States economy since 1994.

Given that the CSISG is the only national customer satisfaction measurement tool with cross sector capabilities, ISE is able to provide organisations with exclusive benchmarking insights about customer satisfaction as well as use predictive analytics and regression models to pinpoint drivers that would deliver the most impact.

Figure 1: CSISG expanded model

Annex B

CSISG
Customer Satisfaction Index of Singapore
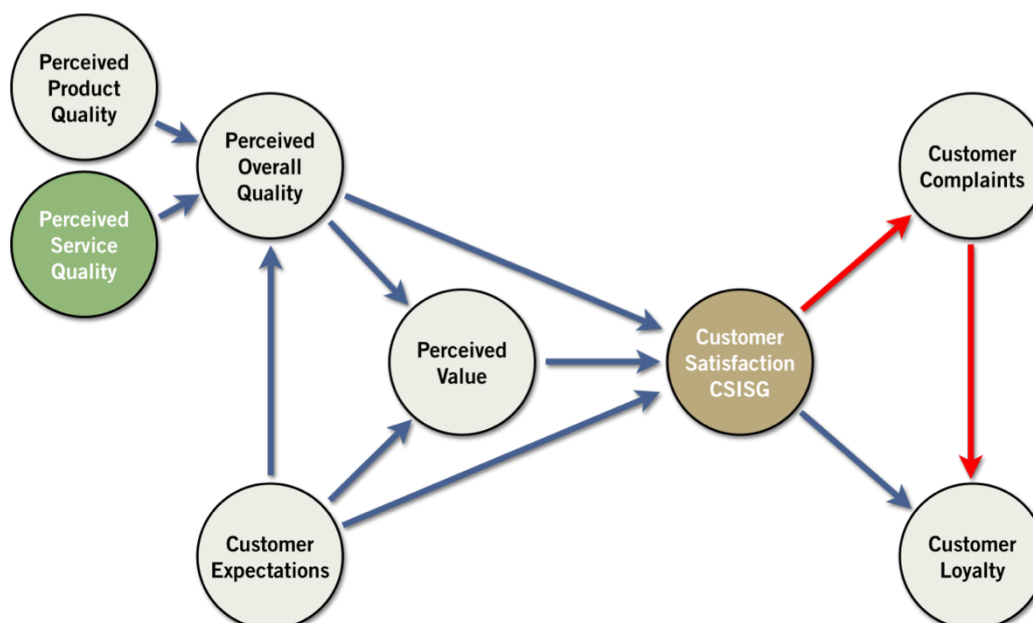
2020 Q3 SCORES
FOOD & BEVERAGE AND TOURISM

76.1 Tourism

76.1 Attractions
78.9 Singapore Zoo*
76.2 Gardens By The Bay
72.7 Universal Studios
72.2 Sentosa
77.7 Other attractions

73.6 Food & Beverage

73.8 Restaurants
76.2 Din Tai Fung
73.5 Sakae Sushi
72.4 Crystal Jade Kitchen
71.2 Pizza Hut
71.0 Swensen's
74.2 Other restaurants

73.6 Cafes & Coffee Houses
77.1 Starbucks
72.7 Ya Kun
68.3 Toast Box
73.7 Other cafes & coffee houses

73.1 Fast Food Restaurants
75.1 Burger King
74.7 McDonald's
74.6 Subway
69.9 KFC
72.6 Other fast food restaurants

This chart summarises the results of the CSISG 2020 satisfaction scores in the Food & Beverage, and Tourism sectors at the sector, sub-sector and company levels.

The sector scores (in gold) represents a weighted average of their respective sub-sector scores (in blue). Satisfaction scores for sub-sectors with individual company scores are weighted averages of these individual company scores.

All scores displayed are accurate to one-decimal place. Entities are presented in decreasing levels of satisfaction.

*Companies indicated with an asterisk(*) are companies that have performed significantly above their sub-sector average at 90% confidence.

* Sub-sectors indicated with an asterisk(*) are sub-sectors that have performed significantly above their sector average at 90% confidence.

Entities shown in this scorecard have samples of N≥100.

Previously reported scores based on the door-to-door methodology *(See Note 3)*									Note 3	SECTOR / *Sub-sector* / Company Measured
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
67.5	67.7	70.3	65.8	67.1	70.1	71.7	74.2	76.9	73.6	FOOD & BEVERAGE (Sector)
Note 1	Note 1	Note 1	Note 1	Note 1	*69.8*	*71.5*	*74.4*	*78.3*	73.8	*Restaurants (Sub-sector)*
NM	NM	NM	NM	NM	71.3	73.0	74.5	76.4	76.2	Din Tai Fung
NM	NM	NM	NM	NM	69.8	71.2	74.5	82.3	73.5	Sakae Sushi
NM	NM	NM	NM	NM	70.9	72.6	75.2	77.0	72.4	Crystal Jade Kitchen
NM	NM	NM	NM	NM	70.6	71.1	72.0	76.6	71.2	Pizza Hut
NM	NM	NM	NM	NM	70.2	72.0	74.5	78.3	71.0	Swensen's
Note 1	Note 1	Note 1	Note 1	Note 1	68.0	70.9	75.2	80.2	74.2	Other restaurants
67.6	*68.2*	*67.9*	*69.0*	*69.4*	*70.7*	*71.7*	*73.6*	*74.6*	73.1	*Fast Food Restaurants (Sub-sector)*
70.3	67.5	68.9	69.6	67.6	71.0	72.9	74.2	75.0	75.1	Burger King
65.9	68.9	67.6	71.6	72.2	72.3	72.7	74.9	76.2	74.7	McDonald's
NM	NM	NM	NM	NM	68.8	70.7	71.9	73.7	74.6	Subway
68.2	68.2	66.8	67.9	67.5	70.4	70.4	72.7	73.6	69.9	KFC
70.4	66.1	69.6	62.6	64.3	67.9	70.3	72.1	72.3	72.6	Other fast food restaurants
NM	NM	NM	NM	NM	NM	*71.9*	*73.9*	*74.8*	73.6	*Cafes & Coffee Houses (Sub-sector)*
68.0	68.8	73.4	69.1	70.1	72.7	73.2	75.6	76.4	77.1	Starbucks
NM	NM	NM	NM	NM	70.1	70.2	72.3	72.7	72.7	Ya Kun
NM	NM	NM	NM	NM	69.6	70.3	71.4	73.1	68.3	Toast Box
NM	NM	NM	NM	NM	NM	72.2	74.2	75.1	73.7	Other cafes & coffee houses
73.5	70.0	74.5	69.1	69.4	71.1	74.2	75.1	75.8	76.1	TOURISM (Sector)
75.3	*72.6*	*79.8*	*72.6*	*70.3*	*72.8*	*73.3*	*74.1*	*75.1*	76.1	*Attractions (Sub-sector)*
76.6	70.8	78.7	70.8	71.6	73.3	74.5	74.7	75.7	78.9	Singapore Zoo
NM	NM	NM	NM	NM	72.1	73.2	74.4	75.4	76.2	Gardens By The Bay
75.7	74.9	81.6	73.2	71.0	73.1	71.9	73.1	74.5	72.7	Universal Studios
74.5	73.1	78.1	71.6	71.6	74.3	74.9	75.6	76.5	72.2	Sentosa
75.8	71.5	79.3	69.1	68.7	70.5	71.2	72.0	73.2	77.7	Other attractions

Not Measured
Not Appilcable   Customer Satisfaction scores are based on a 0 to 100 scale.

Note 1 Restaurants were previously measured at holding-level. Since 2016, brand-level entities were measured instead.
Note 2 Cafes & Coffee Houses and Snack Bars & Food Kiosks were previously measured as 1 sub-sector. Since 2017, they were measured separately.
Note 3 In Q3 2020, data collection for these sub-sectors was done via an online methodology and no tourists were measured.
Data shown in the years before 2020, and collected via the face-to-face methodology, cannot be directly comparable to the 2020 scores and should only be used as reference.
Note 4 Due to the Covid-19 situation and travel restrictions, the Hotels sub-sector, which only surveyed tourists, was not measured in 2020.